

# Chattanooga Times Free Press

## Perspectives: Should Erlanger hospital be for sale?

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### **SELL: Selling Erlanger Health System would preserve the hospital's mission, legacy**

My name is Joshua Nemzoff, and I am the chief executive officer of StoneBridge Healthcare, a health care company formed to buy, save and turn around distressed hospitals in the cities and suburbs of America. We recently made an unsolicited offer to purchase Erlanger Health System for \$475 million. It is important to explain to the residents of Hamilton County why we made this offer because this is about you and your health care.

Erlanger is a well-respected health care system that has been providing quality care in Hamilton County and this region for more than 125 years. StoneBridge has been tracking Erlanger for over a year, and it is clear to us that Erlanger is in financial trouble and needs help.

While Erlanger leadership asserts its financial status is solid, we believe it's based on a false narrative. The coronavirus has created the worst financial crisis American hospitals have ever faced, depriving them of the revenue they need to stay alive. Before the pandemic, Erlanger had less than 60 days cash on hand. The hospital received federal stimulus money, like many other hospitals and health systems across the country. This federal aid is only a short-term solution — a Band-Aid to assist health care providers during a national emergency. It does not provide a long-term solution to make sure institutions such as Erlanger survive and excel so they can continue offering the care their patients need.

Erlanger's financial problems will ultimately lead to a deterioration of quality and culture. The health system has indicated publicly that it has received more than \$100 million in capital improvement requests from departments across the health system. While Erlanger identified \$75 million as necessary expenditures, it only has \$20 million available to spend. The institution desperately needs capital improvements to enhance its health care delivery system, and without it the organization will decline and morale will worsen. Further evidence of its financial problems is Erlanger's inability to fund the employee pension plan, resulting in an \$80 million unfunded pension liability.

StoneBridge is committed to Erlanger's mission — to compassionately care for people. We intend to support and grow the academic medical center and ensure Erlanger continues to serve as a vital safety net hospital for the those in need. That is why StoneBridge will provide charity care at levels equal to, if not greater, than those that are currently provided by Erlanger.

In addition, StoneBridge has developed an initiative that is known as "The Mission Project." Using the hospitals it acquires as a base of operations, StoneBridge will bring much-needed services into the community. StoneBridge will listen to and work with local groups to understand the gaps in community care — and then put money and time into offering clinics or other life-changing help. This commitment will be tailored to Hamilton County's specific needs, and we will ensure that the hospital can provide the doctors, nurses, pharmacies, kitchens and vehicles to bring care and support to people where they live.

Why is StoneBridge the right partner for Erlanger? StoneBridge Healthcare is a company formed solely to ensure that financially struggling hospitals can survive and thrive across the cities and suburbs of America. We purchase and turn around hospitals that are in economic distress. Our decades of experience, our financial investment and our commitment to expand primary care into the urban areas we serve make our company the only one of its kind.

StoneBridge will allow Erlanger to achieve financial stability and continue its mission to serve the people of Hamilton County and surrounding communities. StoneBridge is prepared to purchase the hospital for \$475 million, which includes \$275 million to invest in capital improvements over the next four years to further transform the health system, and enough money to fully fund the employee pension fund shortfall.

Hamilton County residents deserve exceptional patient care, and StoneBridge Healthcare is committed to continuing the delivery of high-quality health patient care that the Erlanger Health System is known for.

We look forward to continuing this conversation with you, the residents of Hamilton County. This is your health care and your future that is at stake. Erlanger has served the community for more than 130 years, and we are hopeful that with your partnership, we will help ensure that it continues to deliver outstanding care for another century.

*Joshua Nemzoff is the chief executive officer of StoneBridge Healthcare.*